

# Rethinking USAID's Role in Financial Sector Development

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# Financial Sector assessment

Where are we?

Where do we want to go?

How do we get there?

# Where are we?

Assess status of market institutions

Regulators and legal framework in place

Status of other economic reform, e.g. privatization, budget/fiscal reform, accounting reform and pension reform

Human capacity in these institutions

# Where do we want to go?

Commercially viable, cost effective FS operating at international standards

Harmonization of laws and systems within regional/global context

Human capacity developed to take ownership of the financing process

# How do we get there?

Complement other donor assistance

Find the champion of reform

Comprehensive FS reform

Monitor, monitor, monitor: back up and change direction if necessary

On the job training

# Pitfalls

Supply versus demand

Not recognizing failure

Fashion trends

Unrealistic expectations/not enough time

Sell success!

US as history, not as model

# FS Strategy

Globalization, consolidation and convergence of markets & intermediaries

Improved information disclosure and governance

Electronic finance

Safety net reforms

New financial products and tools